



**Independent Auditor's Report to the members of SMS Bhatgaon Mines Extension Private Limited**

**Report on the financial statements**

1. We have audited the accompanying standalone Ind AS financial statements of **SMS Bhatgaon Mines Extension Private Limited** which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit or Loss and Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules thereunder.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

4. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's





preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its profit including other comprehensive income its cash flow and the changes in equity for the year ended on that date.

### Report on other legal and regulatory requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

10. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The balance sheet, the statement of Profit and Loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;





**MILIND NAMJOSHI & CO.**

Chartered Accountants

7, Gulmohar Apts, Tilak Nagar, NAGPUR  
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- f) In our opinion and to the best of our information and according to the explanation given to us, there are no significant matters which are not routine in nature and have an adverse effect on the functioning of the Company.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the company and operating effectiveness of such controls, refer to our separate report in 'Annexure B'
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) there were no amounts which were required to be transferred to the investore education and protection fund by the company.

**Other matters**

11. The comparative financial information of the Company for the year ended 31<sup>st</sup> March 2017 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) rules, 2014, audited by us whose report for the year ended 31<sup>st</sup> March 2017 expressed an unmodified opinion on those standalone financial statements.

For Milind Namjoshi & Co.  
Chartered Accountants  
Firm registration number: 115111W

Milind Namjoshi  
Proprietor  
Membership No.: 048392  
Place: Nagpur  
Date: 31/07/2018



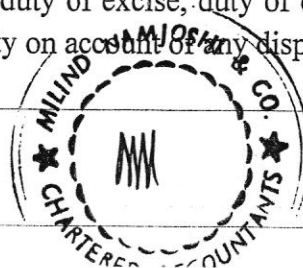


**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in paragraph under the heading "Report on other Legal & Regulatory Requirements" of our report of even date to the financial statement of SMS Bhatgoan Mines Extension Private Limited for the year ended 31<sup>st</sup> March 2018.

On the basis of examination of the books of accounts, checks carried out by us and according to the explanations and representations given to us during the course of our audit, we report that:

- i)
  - a) The company does not have any fixed assets. Therefore this clause is not applicable.
  - b) Not applicable.
  - c) Not applicable;
- ii) The company does not have any inventory. Therefore this clause is not applicable.
- iii)
  - a) The Company has not granted any unsecured loans to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Companies Act.
  - b) Not applicable;
  - c) Not applicable;
- iv) No loans, investments, guarantees, and security is provided.
- v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provision of clause 3(v) of the Order is not applicable.
- vi) The provisions of Rules made by the Central Government for the maintenance of cost records under sub Section (1) of section 148 of the Act is not applicable to the company.
- vii)
  - a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Value Added Tax, Service Tax, Excise and Customs Duty and other material statutory dues applicable to it and no undisputed amount is outstanding as on 31st March 2018 for a period of more than six months from the date they became payable.
  - b) There are no dues in respect of wealth-tax, duty of excise, duty of custom and cess that have not been deposited with the appropriate authority on account of any dispute.





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Chartered Accountants

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- viii) Company neither taken any loans or borrowing from financial institution, neither bank, Government nor issued any debentures.
- ix) No moneys have been raised by way of initial public offer or further public offer (including debt instruments) and term loans.
- x) Neither any fraud by the company nor any fraud on the Company by its officers or employees has been noticed or reported during the year;
- xi) No managerial remuneration has been paid or provided.
- xii) Company is not a nidhi Company.
- xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Milind Namjoshi & Co.  
Chartered Accountants  
Firm Reg No. : 115111W

Milind Namjoshi  
Proprietor  
Mem. No. : 048392

Place: Nagpur  
Date: 31/07/2018





**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**Independent Auditors Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of **SMS Bhatgaon Mines Extention Private Limited** ('the Company') as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

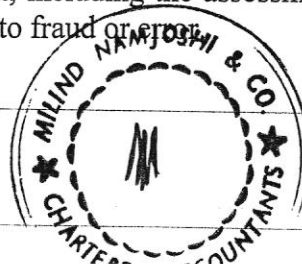
**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





**MILIND NAMJOSHI & CO.**  
Chartered Accountants

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

For **Milind Namjoshi & Co.**  
Chartered Accountants  
Firm Reg No. : 115111W

**Milind Namjoshi**  
Proprietor  
Mem. No. : 048392

Place: Nagpur  
Date: 31/07/2018



**SMS Bhatgaon Mines Extension Private Limited**  
**Balance Sheet as at 31 March 2018**

	Notes	As at 31 March 2018	As at 31 March 2017
<b>Assets</b>			
<b>Current assets</b>			
<b>Financial assets</b>			
Loans	1	1,12,37,820.00	1,11,48,820.00
Cash and cash equivalent	2	59,077.71	2,37,374.28
		<u>1,12,96,897.71</u>	<u>1,13,86,194.28</u>
Assets classified as held for Sale		-	-
<b>Total current assets</b>		<u>1,12,96,897.71</u>	<u>1,13,86,194.28</u>
<b>Total assets</b>		<u>1,12,96,897.71</u>	<u>1,13,86,194.28</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity Share Capital	3	1,00,00,000.00	1,00,00,000.00
<b>Other Equity</b>			
Reserve & surplus	4	(1,23,47,039.82)	(1,12,30,538.25)
<b>Total equity</b>		<u>(23,47,039.82)</u>	<u>(12,30,538.25)</u>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	5	99,26,133.30	88,49,578.30
Other liabilities		-	-
		<u>99,26,133.30</u>	<u>88,49,578.30</u>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	6	35,94,436.03	36,06,436.03
Other financial liabilities	7	15,000.00	65,000.00
Other current liabilities	8	1,08,368.20	95,718.20
		<u>37,17,804.23</u>	<u>37,67,154.23</u>
Liabilities directly associated with the assets classified as held for Sale		-	-
		<u>37,17,804.23</u>	<u>37,67,154.23</u>
<b>Total liabilities</b>		<u>1,36,43,937.53</u>	<u>1,26,16,732.53</u>
<b>Total equity and liabilities</b>		<u>1,12,96,897.71</u>	<u>1,13,86,194.28</u>

As per our report of even date  
For Milind Namjoshi & Co.  
Chartered Accountants  
Firm Registration No. :115111W

CA. MILIND NAMJOSHI  
PROPRIETOR  
Membership No. 048392  
Place : Nagpur  
Date : 31/07/2018



For and on behalf of the Board of  
Directors

S. N. NUWAL  
Director  
DIN: 00713547

AJAY SANCHETI  
Director  
DIN: 00953304




**SMS Bhatgaon Mines Extension Private Limited**

**Statement of Profit and Loss for the period ended 31 March 2018**

(₹)


	Notes	As at 31 March 2018	As at 31 March 2017
<b>Incomes</b>			
Revenue from operations		-	-
Other income		-	-
<b>Total income</b>		-	-
<b>Expenses</b>			
Finance Cost	9	10,83,991.57	9,57,358.30
Other expenses	10	32,510.00	33,646.00
<b>Total expense</b>		11,16,501.57	9,91,004.30
<b>Profit/(loss) before exceptional items and tax</b>		(11,16,501.57)	(9,91,004.30)
Exceptional items		-	-
<b>Profit/(loss) before tax</b>		(11,16,501.57)	(9,91,004.30)
(1) Current tax		-	-
(2) Adjustment of tax relating to earlier periods		-	-
(3) Deferred tax		-	-
<b>Income tax expense</b>		-	-
<b>Profit for the year</b>		(11,16,501.57)	(9,91,004.30)
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year, net of tax attributable to:</b>		(11,16,501.57)	(9,91,004.30)

As per our report of even date  
**For Milind Namjoshi & Co.**  
 Chartered Accountants  
 Firm Registration No. :115111W

  
 CA. MILIND NAMJOSHI  
 PROPRIETOR  
 Membership No. 048392  
 Place : Nagpur  
 Date : 31/07/2018



**For and on behalf of the Board of  
 Directors**

  
 S. N. NUWAL  
 Director  
 DIN: 00713547

  
 AJAY SANCHETI  
 Director  
 DIN: 00953304

SMS Bhatgaon Mines Extension Private Limited  
Cash flow statement for the year ended 31st March, 2018

	31-Mar-18	31-Mar-17
(₹)		
<b>Cash flow from operating activities</b>		
Profit before tax	(11,16,501.57)	(9,91,004.30)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Operating profit before working capital changes	(11,16,501.57)	(9,91,004.30)
<b>Movements in working capital :</b>		
Increase / (decrease) in short-term provisions	-	-
Increase/(decrease) in other current liabilities	12,650.00	10,244.00
Decrease / (increase) in other non-current assets	-	-
<b>Cash generated from / (used in) operations</b>	<b>(11,03,851.57)</b>	<b>(9,80,760.30)</b>
Direct taxes paid (net of refunds)	-	-
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(11,03,851.57)</b>	<b>(9,80,760.30)</b>
<b>Cash flow from investing activities</b>		
<b>Net cash flow from/ (used in) investing activities (B)</b>	-	-
<b>Cash flow from financing activities</b>		
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>(12,000.00)</b>	-
<b>Net increase/ (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(11,15,851.57)</b>	<b>(9,80,760.30)</b>
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
Cash and cash equivalents at the beginning of the year	(14,93,983.02)	(5,13,222.72)
<b>Cash and cash equivalents at the end of the year</b>	<b>(26,09,834.59)</b>	<b>(14,93,983.02)</b>

**Components of cash and cash equivalent**

Cash on hand	370.00	370.00
Cheques/ drafts on hand	-	-
With banks- on current account	58,707.71	2,37,004.28
	-	-
<b>Total cash and cash equivalents</b>	<b>59,077.71</b>	<b>2,37,374.28</b>

As per our report of even date  
For Milind Namjoshi & Co.

Chartered Accountants  
Firm Registration No. :115111W

CA. MILIND NAMJOSHI  
PROPRIETOR  
Membership No. 048392  
Place : Nagpur  
Date : 31/07/2018



For and on behalf of Directors

*S. N. Nuwal*  
S. N. NUWAL  
Director  
DIN: 00713547

*Ajay Sancheti*  
AJAY SANCHETI  
Director  
DIN: 00953304

**SMS Bhatgaon Mines Extension Private Limited**  
**Statement of changes in Equity for the year ended 31st March 2018**

**a EQUITY SHARE CAPITAL**

**Equity Shares Issued, subscribed and paid** (₹)

Particulars	Number of Shares	Amount
As at 31 March 2016	10,00,000.00	1,00,00,000.00
Changes in equity share capital	-	-
As at 31 March 2017	10,00,000.00	1,00,00,000.00
Changes in equity share capital	-	-
As at 31 March 2018	10,00,000.00	1,00,00,000.00

**b. OTHER EQUITY**

(₹)

Particulars	Reserves and Surplus		Total Equity
	Share premium	Retained earnings	
As at 1 April 2016	-	(1,02,39,533.95)	(1,02,39,533.95)
Loss for the year	-	(9,91,004.30)	(9,91,004.30)
Other comprehensive income	-	-	-
<b>At 31 March 2017</b>	-	<b>(1,12,30,538.25)</b>	<b>(1,12,30,538.25)</b>
As at 1 April 2017	-	(1,12,30,538.25)	(1,12,30,538.25)
Loss for the year	-	(11,16,501.57)	(11,16,501.57)
Other comprehensive income	-	-	-
<b>At 31 March 2018</b>	-	<b>(1,23,47,039.82)</b>	<b>(1,23,47,039.82)</b>

As per our report of even date

**For Milind Namjoshi & Co.**

Chartered Accountants

Firm Regn: No:115111W



CA. MILIND NAMJOSHI

PROPRIETOR

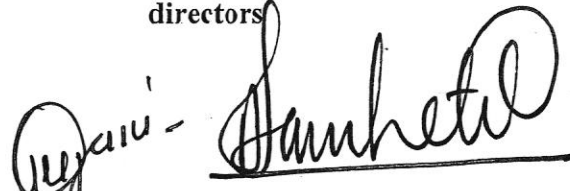
Membership No. 048392

Place : Nagpur

Date : 31/07/2018



**For and on behalf of Board of directors**



S. N. NUWAL

Director

DIN: 00713547

AJAY SANCHETI

Director

DIN: 00953304

# SMS Bhatgaon Mines Extension Private Limited.

## Notes to financial statements for the year ended 31<sup>st</sup> March, 2018

### A. Significant Accounting Policies

#### 1. Corporate information

SMS Bhatgaon Mines Extension Private limited, is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in the business of Development, Mining and Marketing of coal from Shankarpur (Bhatgaon) Coal block in Sarguja district in joint venture with Chhattisgarh Mineral Development Corporation.

#### 2. Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013(the Act) [ Companies (Indian Accounting Standards) Rules, 2015], read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

#### 2.1 Summary of significant accounting policies

##### a. Financial instruments

#### FINANCIAL ASSETS

##### Initial recognition and measurement

In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

##### Financial assets at amortized cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

##### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting



contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Company has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Company on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments.

### **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in statement of profit and loss.

### **Impairment of Financial Assets**

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL. ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls),

### **De-recognition of Financial Assets**

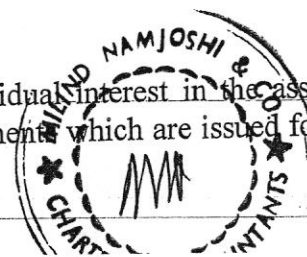
The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

## **EQUITY INSTRUMENT AND FINANCIAL LIABILITIES**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are



recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

## **Financial Liabilities**

### **Initial recognition and subsequent measurement**

Financial liabilities are recognized initially at fair value and in case of borrowing and payables, net of directly attributable cost.

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **De-recognition of Financial Liabilities**

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### **Offsetting Financial Liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

## **b. Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognized when the company has the present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation. When a company expects any provision to be reimbursed, the reimbursement is recognized as a separate asset only when reimbursement is virtually certain. A disclosure of contingent liabilities is made where there is possible obligation or present obligation that may probably not require an outflow of resources. When there is possible or a present obligation where the likelihood of outflow of resource is remote, no provision or disclosure is made.



**SMS Bhatgaon Mines Extension Private Limited**

**Notes to financial statements for the year ended 31st March, 2018**

		(₹)
	31-Mar-18	31-Mar-17
<b>1 Current loans &amp; advances</b>		
<b>a Loans to related parties</b>		
i Bhatgaon Extension Mines (P) Ltd.	1,03,85,320.00	1,03,73,320.00
ii Solar Bhatgaon Extension Mines Pvt. Ltd.	8,52,500.00	7,75,500.00
	<u>1,12,37,820.00</u>	<u>1,11,48,820.00</u>
<b>2 Cash and cash equivalents</b>		
<b>a Balances with banks</b>		
i ICICI Bank	48,810.28	2,26,810.28
ii I.O.B.	9,897.43	10,194.00
<b>b Cash in hand</b>		
i Cash	370.00	370.00
	<u>59,077.71</u>	<u>2,37,374.28</u>



**SMS Bhatgaon Mines Extension Private Limited**  
**Notes to financial statements for the year ended 31st March, 2018**

**3 3 Share capital**

**a. Authorized shares**

10,00,000 (31st March, 2017: 10,00,000) equity shares of ₹10/- each

**b. Issued, subscribed and fully paid-up shares (No. millions)**

10,00,000 (31st March, 2017: 10,00,000) equity shares of ₹10/- each

**Total Issued, subscribed and fully paid-up share capital**

	31-Mar-18	31-Mar-17
	(₹)	(₹)
	1,00,00,000.00	1,00,00,000.00
	1,00,00,000.00	1,00,00,000.00
	1,00,00,000.00	1,00,00,000.00

**c. Reconciliation of the shares outstanding at the beginning and at the end of the period**

**Equity shares**

At the beginning of the period

Issued during the period – Bonus issue

Issued during the period – ESOP

**Outstanding at the end of the period**

	31-Mar-18		31-Mar-17	
	No.	(₹)	No.	(₹)
At the beginning of the period	1000000	1,00,00,000.00	1000000	1,00,00,000.00
Issued during the period – Bonus issue				
Issued during the period – ESOP				
<b>Outstanding at the end of the period</b>	1000000	1,00,00,000.00	1000000	1,00,00,000.00

**d. Details of shareholders holding more than 5% shares in the company**  
**Equity shares of ₹10/- each fully paid**

SMS Infrastructure Limited  
Solar Industries India Limited

	31-Mar-18		31-Mar-17	
	No.	% holding in the class	No.	% holding in the class
SMS Infrastructure Limited	510000	51.00%	510000	51.00%
Solar Industries India Limited	490000	49.00%	490000	49.00%
	1000000	100.00%	1000000	100.00%





SMS Bhatgaon Mines Extension Private Limited  
Notes to financial statements for the year ended 31st March, 2018

	(₹)	
	31-Mar-18	31-Mar-17
<b>4 Other equity</b>		
<b>Reserve &amp; surplus</b>		
Balance as per last financial statement	(1,12,30,538.25)	(1,02,39,533.95)
Addition	(11,16,501.57)	(9,91,004.30)
Deletion		
Closing balance	<u>(1,23,47,039.82)</u>	<u>(1,12,30,538.25)</u>
<b>5 Non-Current borrowings</b>		
<b>Loans from related parties</b>		
i Solar Industries India Ltd.	99,26,133.30	88,49,578.30
	<u>99,26,133.30</u>	<u>88,49,578.30</u>
<b>6 Current borrowings</b>		
<b>a Term loans</b>		
<b>From Related parties</b>		
i Ajay Sancheti	4,00,000.00	4,00,000.00
<b>b Loans from related parties</b>		
ii SMS Infrastructure Ltd.	2,01,422.03	2,01,422.03
iii Bhatgaon Mines (P) Ltd.	29,93,014.00	30,05,014.00
Net amount	<u>35,94,436.03</u>	<u>36,06,436.03</u>
<b>7 Other financial liabilities</b>		
<b>a Other payables</b>		
ii Audit fees payable	15,000.00	65,000.00
	<u>15,000.00</u>	<u>65,000.00</u>
<b>8 Other current liabilities</b>		
<b>a Other payables</b>		
i TDS Payable	1,08,368.20	95,718.20
	<u>1,08,368.20</u>	<u>95,718.20</u>
<b>9 Finance Cost</b>		
Bank Charges	296.57	176.00
Interest	10,83,695.00	9,57,182.30
	<u>10,83,991.57</u>	<u>9,57,358.30</u>
<b>10 Other Expenses</b>		
Profession & Consultancy Charges	12,000.00	-
Payment to Auditor	15,000.00	15,000.00
ROC Charges	1,200.00	14,800.00
TDS Expense	4,310.00	3,846.00
	<u>32,510.00</u>	<u>33,646.00</u>



**SMS Bhatgaon Mines Extension Private Limited**  
**Notes to financial statements for the year ended 31st March, 2018**

**11 Contingent Liabilities and commitments**

Contingent Liabilities as per the information given by management is NIL

**12 Dues to Micro & Small Scale Enterprise**

There are no Micro & Small Scale Enterprises, as defined in Micro, Small & Medium Enterprises Development Act, 2006, to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small & Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

	(₹)	
	31-Mar-18	31-Mar-17
<b>13 Payment to Auditor</b>		
As Auditor:		
Audit Fees	15000.00	15000.00
	<u>15000.00</u>	<u>15000.00</u>

**14 Related Party Disclosures as required in terms of "Indian Accounting Standard [IND AS] 24 are given below:**

**i. Relationships (Related Party relationships are as identified by the Company and relied upon by the auditors)**

**a. Holding Company:**

1. SMS Infrastructure Limited

**b. Associate Company:**

1. Solar Industries India Limited

**c. Key Management Personnel**

1. S N Nuwal - Director
2. Ajay Sancheti - Director

**ii. Transaction carried out with related parties referred to above:**

(₹)

Nature of Transaction	Related Parties					
	Holding Company		Associate Company		Key Management Personnel	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Interest Paid	-	-	975325.00	861462.00	-	-
Expenses Incurred	-	-	101230.00	4800.00	-	-
Outstanding Balance	-	-	9926133.30	8849578.30	-	-



**15 Financial instruments**

The fair value of the financial assets are included at amounts at which the instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair value:

- (a) Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.
- b) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

**A Financial instruments by category**

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

Particulars	Refer note	Amortised cost	Financial assets/ liabilities at fair value	Financial assets/ liabilities at fair value	Total carrying value	Total fair value
<b>Assets:</b>						
Loans		1,12,37,820.00	-	-	1,12,37,820.00	1,12,37,820.00
Cash and cash equivalents		59,077.71	-	-	59,077.71	59,077.71
<b>Liabilities:</b>						
Borrowings		35,94,436.03	99,26,133.30	-	1,35,20,569.33	1,35,20,569.33
Other financial liabilities		15,000.00	-	-	15,000.00	15,000.00

The carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows:

Particulars	Refer note	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
<b>Assets:</b>						
Loans		1,11,48,820.00	-	-	1,11,48,820.00	1,11,48,820.00
Cash and cash equivalents		2,37,374.28	-	-	2,37,374.28	2,37,374.28
<b>Liabilities:</b>						
Borrowings		36,06,436.03	88,49,578.30	-	1,24,56,014.33	1,24,56,014.33
Other financial liabilities		65,000.00	-	-	65,000.00	65,000.00

As per our report attached.  
For Milind Namjoshi & Co.  
Chartered Accountants  
Firm Registration No. 115111W

CA. MILIND NAMJOSHI  
PROPRIETOR  
Membership No. 048392  
Place : Nagpur  
Date : 31/07/2018



For and on behalf of the Board of Directors

S. N. NUWAL  
Director  
DIN: 00713547

AJAY SANCHETI  
Director  
DIN: 00953304